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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 10/19/07

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Articles:

1) US gov't denies fuel diversion

YOMIURI (Page 2) (Full)
October 19, 2007

WASHINGTON-The US Department of Defense released a statement yesterday, saying US warships refueled by the Maritime Self-Defense Force in the Indian were entirely in support of Operation Enduring Freedom (OEF) in Afghanistan. With this, the Pentagon denied fuel diversion. In its statement, however, the Pentagon added that it would be "difficult" to track the use of all fuel supplied.

As one of the reasons why it is difficult to track the use of all fuel provided, the Pentagon says fuel provided by Japan is not segregated and is tanked with fuel from other sources. The Pentagon also explains that US warships may be engaged in multiple missions.

US envoy also denies fuel diversion

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Meanwhile, the government has now presented a new antiterror legislative measure to the Diet. In this regard, US Ambassador to Japan Schieffer expressed hopes for the legislation's early passage through the Diet. "We are also aware of the difficulty in continuing (the MSDF's) activities," Schieffer said yesterday evening before the Pentagon statement was released. "We hope the suspension (of Japan's fuel supply) will be as short as possible," he added.

Schieffer also brushed off the alleged diversion of MSDF-supplied fuel for operations in Iraq. "I can declare all the fuel was used for Operation Enduring Freedom (OEF)," he told reporters at the Foreign Ministry.

Tokyo baffled

Concerning the Pentagon statement over Japanese fuel supplied by the MSDF to US warships in the Indian Ocean, the Japanese government takes the position that the United States' denial of fuel diversion basically remains unchanged. However, the Pentagon statement also bewildered the Japanese government since it implies that the US government cannot definitely say all fuel was used for Operation Enduring Freedom (OEF) in Afghanistan.

"They say the United States couldn't track the use of all fuel," a senior official of the Foreign Ministry said early this morning. "But," the official also said, "they didn't tell us they would release a report to that effect." The official added, "We heard that they would say all the fuel provided by Japan was used for Operation Enduring Freedom."

In response to the Pentagon statement released this time, the government and the ruling parties are concerned about possible repercussions on Diet deliberations starting Oct. 23 on the new antiterror legislation. "It will give momentum to the opposition bench that is opposed to the bill," an executive of the ruling Liberal Democratic Party said, adding, "It may also affect its passage during the current Diet session."

2) US denies diversion of MSDF-supplied fuel: Government takes statement as "sincere": Opposition parties determined to continue

its pursuit, claiming suspicion of diversion has grown deeper

NIKKEI (Page 2) (Full)
October 19, 2007

The US government has issued a statement concerning the Maritime Self-Defense Force's (MSDF) refueling operations in the India Ocean. The Japanese government highly evaluated the statement with one senior Foreign Ministry official noting, "The US announced the result of its investigation, which has been carried out with honesty and sincerity." However, since the statement does not totally rule out the possibility of the fuel provided by the MSDF having been used for purposes other than antiterror operations in Afghanistan, opposition parties are bound to strengthen their pursuit.

The Japanese government had stressed that the fuel supplied by Japan was used properly, as Prime Minister Fukuda put it. The US government's statement noted that the US government reassures to the Japanese government that the fuel provided by Japan was used for the Operation Enduring Freedom (OEF). The government wants to seek understanding from the opposition camp, by stressing this point in

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deliberations on the new refueling legislation.

However, opposition parties, such as the Democratic Party of Japan (DPJ or Minshuto), are determined to heighten their criticism, noting that there are even deeper suspicions of diversion now. Heated exchanges on this can be expected during deliberations on the bill.

3) Defense Minister Ishiba willing to release some ship logs on Indian Ocean refueling operations if the opposition parties request such (Yomiuri)

YOMIURI (Page 4) (Full)
October 19, 2007

Defense Minister Ishiba appearing on a CS television program yesterday stated that he was willing to release some of the ship logs still being stored if the opposition parties would request such. He also said: "Disclosure standards vary depending on the country. Material that would pinpoint the location of ships could not be disclosed."

Regarding the discarding of some ship logs from the Towada, a supply ship that has carried out refueling operations in the Indian Ocean, Ishiba made it clear: "The person responsible made a mistaken decision (about the time limit for preserving documents) and shredded the material."

4) "We will secure Diet passage for the bill during the current session," senior government and ruling camp officials underscore

YOMIURI (Page 4) (Full)
October 19, 2007

Senior officials of the government and the Liberal Democratic Party (LDP) yesterday once again stressed their intention to obtain Diet approval during the current session of for a new antiterrorism special measures bill intended to continue the Maritime Self-Defense Force's (MSDF) refueling operations in the Indian Ocean.

Chief Cabinet Secretary Machimura during a plenary session of his faction stressed, "I will tackle the issue with an indomitable resolve to secure Diet approval during the current session." One high-ranking LDP official noted, "We will never allow the bill to be carried over to the next session for deliberations in the Lower House. We must send it to the Upper House and bring the Democratic Party of Japan's (DPJ or Minshuto) stance toward the terrorism issue to a head." He thus indicated his party's intention to send the bill to the Upper House after securing approval from the Lower House at an early date.

Prime Minister Fukuda yesterday evening said, "Now that we have submitted the bill, we have no choice but to do our utmost to secure

Diet approval." He made this comment to reporters at the Prime Minister's Office (Kantei).

5) British prime minister in telephone conversation with Prime Minister Fukuda expresses hope for continued MSDF operation in the Indian Ocean

YOMIURI (Page 4) (Excerpt)
October 19, 2007

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Prime Minister Fukuda and British Prime Minister Brown held a telephone conversation yesterday in which Fukuda explained that his government had presented to the Diet a new antiterrorism special measures bill that would continue refueling operations by the Maritime Self-Defense Force in the Indian Ocean. Prime Minister Brown expressed his hope that the operations would continue, saying, "I would like Japan to continue its close cooperation (with its anti-terror measures)."

On the Burma (Myanmar) issue, Prime Minister Fukuda explained: "We are working on (the military junta) to release political prisoners and enter into a dialogue with democratization forces." Prime Minister Brown expressed appreciation for Japan's efforts.

6) DPJ trying to bog down Lower House deliberations by submitting bill calling for abolishing Iraq law

MAINICHI (Page 2) (Full)
October 19, 2007

Deliberations on the new antiterrorism bill will start in a House of Representatives plenary session on Oct. 23. Prior to this, the Democratic Party of Japan (DPJ) yesterday submitted a bill calling for scrapping the Iraq Reconstruction Support Special Measures Law to the House of Councillors. The main opposition party is grilling the government on the allegation of diversion of fuel supplied by the Maritime Self-Defense Force in the Indian Ocean for use in the Iraq war. The DPJ is aiming to also bog down to the deliberations in the Lower House, on the strength of its holding a majority in the Upper House.

Upper House member Keiichiro Asao, who submitted the bill, emphasized in a press conference: "We will naturally pursue the diversion allegation in the deliberations, as well as the government's new antiterrorism bill."

The DPJ will ask relevant cabinet ministers, including Chief Cabinet Secretary Nobutaka Machimura and Defense Minister Shigeru Ishiba, to

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attend both meetings of the Lower House antiterrorism and Iraq support special committee and the Upper House's foreign and defense committees. Taking advantage of its control in the Upper House's committees, the DPJ is poised to undermine the ruling camp's leadership in Lower House deliberations.

7) New antiterror counterproposal: DPJ likely to face rough going in consolidating views, with many members harboring deep concern about participation in ISAF; Leadership having difficulty making judgments

YOMIURI (Page 4) (Full)
October 19, 2007

The Democratic Party of Japan (DPJ or Minshuto) yesterday started efforts to finalize its counterproposals to the government's new antiterror special measures bill. However, it has yet to consolidate views within the party, such as whether to submit a set of counterproposals in the form of a bill and whether to incorporate the dispatch of Self-Defense Forces (SDF) troops in it. The leadership will likely be pressed to make difficult judgments.

President Ozawa, Policy Research Council Chairman Majima and several

others conferred in the Diet on the basic aspects of the counterproposals. They agreed in general on an approach of incorporating measures focused on basic human needs and reconstruction assistance, such as education and medical services - all activities related to the International Security Assistance Force's (ISAF) operations in Afghanistan. On the question of dispatching SDF personnel to Afghanistan, the conferees looked into the possibility of SDF troops engaging in security duties, as well as assisting the reconstruction of schools and hospitals.

Secretary General Hatoyama during a meeting of the Foreign Affairs

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and Defense Division indicated his intention to speed up the work of drafting a set of counterproposals. However, participants noted that there must be more intraparty discussions. Regarding the idea of dispatching SDF troops, a negative view prevailed at the meeting with one member saying, "Japan should specialize in assistance for basic human needs, such as assistance in medical services and economic reconstruction areas."

There is a deep-seated concern in the party about Ozawa's proposal for taking part in the ISAF. That is because many members are dissatisfied that since Ozawa has not explained his view clearly, they cannot reply to questions asked by supporters, as a mid-ranking member put it.

The views of senior officials are not unanimous regarding the treatment of counterproposals. Deputy President Kan told a press conference yesterday, "If the government is determined to railroad its proposal, there will be a probability of the DPJ submitting its proposals in the form of a bill. However, if the government gives up on its passage, the propriety of submitting such a bill is questionable." He thus indicated his stance of determining what move the government and the ruling camp will make. In contrast, Hatoyama categorically told a news conference on the evening of Oct. 17, "I want to show our proposals to the public in the form of a bill."

8) DPJ agrees to prior talks with ruling camp to unify bills amending Political Funds Control Law

YOMIURI (Page 2) (Excerpts)
October 19, 2007

The Democratic Party of Japan (DPJ) decided yesterday to start talks with the ruling coalition to unify both sides' bills amending the Political Funds Control Law. DPJ Diet Affairs Committee Chairman Kenji Yamaoka will meet separately with his counterparts of the Liberal Democratic Party (LDP) and the New Komeito to explain the contents of the DPJ bill and call for their cooperation.

The main opposition party had indicated an unwillingness to respond to a call by the ruling camp for holding talks before the party submits its bill. However, the DPJ, probably reflecting high public interest in the "politics-and-money" issue, decided to take a flexible stance on proposed talks.

President Ozawa, Secretary General Hatoyama and other members of the DPJ agreed in an executive meeting yesterday that the party would listen to views from the ruling coalition before it submits its bill to the Diet and study the possibility of partially correcting the bill in order to obtain cooperation from the coalition. The DPJ intends to aim at coming up with a unified bill by holding deliberations with the ruling coalition in the Diet even after it

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presents the bill.

9) Tokyo district prosecutors question former Yamada Corp executive, who is close to former Vice Defense Minister Moriya, on suspicion of breach of trust

SANKEI (Top play) (Abridged slightly)

October 19, 2007

A group of former executives of Yamada Corp., a Minato Ward, Tokyo-based major trading company specialized in defense products, including a 69-year-old former senior managing director, is suspected to have misappropriated funds by manipulating accounting books during their employment at the company, sources familiar with the matter revealed yesterday. Yamada Corp has filed a 1.5 billion yen damage suit against executives of Nihon Miraise Corp. (NMC), a defense trading firm founded by the former executive and others. Paying close attention to a series of developments, the Tokyo District Public Prosecutors Office's special investigation team seems to have questioned persons concerned, including NMC executives, on suspicion of aggravated breach of trust.

According to the sources, the former executive while at Yamada played a central role in promoting business with US arms makers and the Defense Agency (currently the Defense Ministry) and laying the groundwork in the political world. Being on friendly terms with former Vice Defense Minister Takemasa Moriya and other senior Defense Ministry officials, he also allegedly played golf and dined and wine with them for a dozen or so years. Part of the misappropriated funds might have been used for entertaining them.

Yamada Corp. was established in 1969 by spinning off from a real estate company. Growing into a major defense trading firm specializing in aviation, Yamada began being designated as Japanese agents by US arms makers from about 15 years ago. Today, the firm holds an important position in the defense industry packed with leading trading companies.

The former executive left Yamada in June 2006 to establish NMC with a dozen or so former Yamada employees in September. According to the sources, suspicions arose later on that NMC executives had misappropriated funds while they were with Yamada.

NMC was joined by many former Yamada employees who were responsible for US General Electric, with which Yamada was in contract on shipping the new engine in the Air Self-Defense Force's next-generation transport plane (CX). This led Yamada to accuse of trying to steal its CX engine partner. Yamada filed last October a damage suit with the Tokyo District Court, demanding NMC employees, including the former executive, pay 1.5 billion yen by February 2007 and return part of the retirement allowances of its former employees.

The special investigative team seems to have interviewed executives of the two firms, believing that the former executive and others have committed accounting misdeeds in connection with the merger of a related company while working at Yamada.

10) Former Vice-Defense Minister Moriya played golf with arms supplier in violation of SDF regulation

ASAHI (Top play) (Excerpts)

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October 19, 2007

Former Vice Defense Minister Takemasa Moriya, 63, during his term of office played golf on several occasions with a former executive of Yamada Corp., a Minato Ward, Tokyo-based military trading firm, sources familiar with the matter have revealed. Moriya's wife occasionally accompanied him, according to the sources. Playing golf with concerned parties (defense contractors) is prohibited under the Self-Defense Force code of ethics. He would have been subject to punishment if he were still in office. The top SDF official repeatedly violated the law.

Yamada Corp.'s sales for FY2005 amounted to 34 billion yen. Of it, 9.41 billion yen came from orders from the Defense Ministry. The company's shipments included two engines (1.2 billion yen) in the Air Self-Defense Force's next-term transport plane CX.

While at Yamada, the former executive became chief of the section handling aircraft parts in 1990. According to the sources, Moriya

developed a deep personal relationship with the former executive over the years. The two began playing golf together several years later. At the initial stage, the former executive coached Moriya. They played together at golf courses in such places as Saitama and Chiba that were run by a company connected with Yamada Corp. Moriya showed up with his wife from time to time, and the former executive's subordinate provided transportation for her. The former executive continued to play golf with Moriya until late 2005, six months before he quit Yamada. They played together as many as three times a month. In some years, they played golf over 10 times, according to the sources.

11) Government eyes smaller cut in host nation support

MAINICHI (Page 2) (Full)
October 19, 2007

Prior to the start of negotiations between the governments of Japan and the United States on a new special agreement to replace the current one, which expires next March, Japan decided to slash its sympathy budget for US forces in Japan. But now, giving consideration to the US, the government is mulling smaller cuts in the special measures agreement portion that totals approximately 140 billion yen. With this possibility in mind, discussions began yesterday. Japan is concerned that if the two governments clash over Japan's host nation support at a time when it is almost certain the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean will be suspended, there could be a serious impact on the bilateral alliance. Prime Minister Fukuda is expected to inform President Bush of this plan during his visit to the US in November.

The 140.9 billion yen allocated under the special measures agreement that went into effect in 2006 covers 115 billion yen in salaries for (Japanese) employees of US bases and 25.3 billion yen in utility and water costs.

The government initially eyed a greater reduction in utility and water expenses, but some officials worried about a negative impact on the Japan-US alliance, as a senior Foreign Ministry official said: "A cut in the sympathy budget, in addition to the expected suspension of the MSDF mission, would harm the bilateral alliance."

The US government has asked Japan to significantly increase its

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outlays, citing growing threats from arms buildup by North Korea and China. Reflecting this call, the government is studying a cut by only several hundreds of millions of yen. Since it is necessary to include the necessary outlays in next fiscal year's budget, the government intends to speed up the calculation of the funds needed and conclude talks with the US by the end of November.

12) Futenma panel to resume next month

YOMIURI (Page 2) (Full)
October 19, 2007

The government firmed up its intention yesterday to resume its consultative meeting in November with officials from Okinawa's prefectural and municipal governments on the pending issue of relocating the US Marine Corps' Futenma Air Station in the city of Ginowan, Okinawa Prefecture, to a coastal area of Camp Schwab, a US military base in the island prefecture's northern coastal city of Nago. The government has held no consultative meeting with Okinawa over the Futenma issue since January. However, Prime Minister Fukuda is scheduled to make his first official visit to the United States in November. With his US visit ahead, the government apparently deemed it necessary to go ahead with the planned relocation of Futenma airfield in the process of realigning US forces in Japan.

Chief Cabinet Secretary Machimura yesterday told Defense Ministry, Foreign Ministry, and Cabinet Office officials to push for coordination with Okinawa Prefecture and its base-hosting localities. Machimura is scheduled to meet with Defense Minister Ishiba and Foreign Minister Komura today to discuss Futenma relocation.

13) Parliamentary abduction league to send delegation to US for first time later this year

SANKEI (Page 5) (Full)
October 19, 2007

The parliamentary league on the abduction issue, chaired by Takeo Hiranuma, in a meeting in the Diet Building yesterday, formally decided to send delegations to the United States and South Korea before the end of the year. This is the first time that the parliamentary abduction group has decided to send delegations overseas. The delegations will be accompanied by members of the Association of the Families of Victims of Kidnapped by North Korea (AFVKN)

In the United States, where there are moves to delist North Korea as a state sponsor of terrorism, the group intends to conduct in-depth discussions with Representatives who have submitted to the House a bill placing new conditions on the removal of sanctions. They also plan to share the perception about the issue with South Korea legislators. AFVKN Representative Shigeru Yokota, who attended the meeting, expressed hope for good results, saying, "Exchanges between legislators (of Japan, the United States, and South Korea) will result in tremendous energy."

SCHIEFFER